



**DEPARTMENT OF  
GAME AND INLAND FISHERIES**

**REPORT ON AUDIT  
FOR THE PERIOD  
JULY 1, 2011 THROUGH DECEMBER 31, 2012**

## **AUDIT SUMMARY**

Our audit of the Department of Game and Inland Fisheries (DGIF) for the period July 1, 2011, through December 31, 2012, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System, except in relation to revenues as noted in the findings entitled “Improve Timeliness and Accuracy of Revenue Redistribution” and “Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies;”
- deficiencies which we consider to be material weaknesses in internal control;
- additional matters involving internal control and its operation necessary to bring to management’s attention;
- instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- certain items previously reported, for which DGIF has not implemented appropriate corrective action.

DGIF does not have adequate policies, procedures, or internal controls over revenues collected to ensure proper recording of those revenues as to amount and classification or to ensure the accurate and timely transfer of revenues collected on the behalf of other agencies. DGIF is recording and transferring sales revenue rather than cash, which is inappropriate in a cash basis financial system. Due to the significance of the revenues DGIF collects, we consider these inadequacies to be material weaknesses in internal controls.

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## AUDIT FINDINGS AND RECOMMENDATIONS

### Risk Alert

#### Vacancy Impacts

The Department of Game and Inland Fisheries (DGIF) continues to experience the negative effects of significant employee turnover in the Finance area that occurred in fiscal year 2011 as seen through the findings noted below. DGIF lost numerous individuals from the Finance area due to resignations and retirements and has not been able to fill many of the positions timely due to the Commonwealth's hiring freeze. Several positions in Finance and the Information Technology area over the financial systems remained vacant for four to 23 months, with an average vacancy of 11 months. DGIF management identified the risk the vacancies caused but have been unable to completely eliminate the risk and effects without the ability to fill the positions timely.

DGIF management should continue its efforts to obtain approval to fill vacant positions and to cross train individuals to compensate for vacancies when possible.

### Internal Control and Compliance Findings

#### Improve Timeliness and Accuracy of Revenue Redistribution

DGIF did not properly record license revenues at the end of fiscal year 2012 or through the first six months of fiscal year 2013. DGIF conducts license sales three ways: online, through license agents, and internally at the headquarters office. DGIF records license revenues collected internally in its' Boat Registration and Titling System (BRTS). BRTS does not automatically code these license sales or related refunds to the appropriate account code. Instead, DGIF records the revenues from these sales and any refunds in a holding account. Because refunds often occur after DGIF redistributes the related revenue, the recording of refunds causes the holding accounts to have negative balances. At the end of each month, before CARS monthly close, DGIF should process a transaction to transfer the funds to the correct revenue account. For all eighteen months of the audit period, DGIF never performed the redistribution prior to CARS month end close. This prevents DGIF from having an accurate picture of the types of revenues collected and affects its ability to determine the amount of revenue to transfer to other agencies, as described in the finding entitled "Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies."

At the end of fiscal year 2012, DGIF did not re-distribute \$631,753 in refunds to the appropriate accounts. Through the first six months of fiscal year 2013, DGIF had not redistributed \$15,334 to the correct accounts. DGIF collects some license revenues on behalf of other agencies that they should transfer to those agencies monthly. Since DGIF does not redistribute these revenues on time, the amount of monthly and annual revenues they transfer to other agencies is not accurate. Not reconciling revenues, as identified in the finding entitled "Improve Performance of CARS to CIFRS Reconciliation," reduces DGIF's ability to properly identify whether they have accurately and completely recorded revenues. We consider the lack of procedures to properly identify and redistribute revenues accurately and timely a material weakness.

DGIF should develop and implement policies and procedures to redistribute all revenues prior to CARS month end close to allow for timely and accurate revenue reporting.

#### Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies

DGIF did not correctly or timely transfer license revenues collected on behalf of other agencies and watercraft sales tax collected on behalf of the Department of Taxation. DGIF collects saltwater fishing license revenue for the Virginia Marine Resources Commission (Marine Resources), state forest hunting permits for the Department of Forestry (Forestry), and watercraft sales tax for the Department of Taxation (Taxation). DGIF transfers these revenues monthly to the applicable agency. In addition, DGIF collects boat trailer registration fees for the Department of Motor Vehicles (Motor Vehicles). DGIF transfers these revenues daily. DGIF does not have formal agreements with most of these agencies that establish how and when transfers will occur. The only written agreement is with Motor Vehicles. We found the following exceptions:

- DGIF did not transfer Taxation revenues by the end of the month following collection for four out of 18 months. DGIF overpaid Taxation \$521,974 because staff did not properly review transfers before approving them.
- In 31 instances, DGIF did not transfer the correct amount of revenue daily to Motor Vehicles during the 18 month audit period. Usually within a month, DGIF determined what caused the difference and adjusted for it. However, in four instances, DGIF was unable to determine what caused the differences, totaling \$457.
- DGIF did not transfer Marine Resources revenues in the month following collection for 6 out of 18 months with transfers being as much as two months late. In addition, DGIF overpaid Marine Resources in August 2012 by approximately \$960,000 due to a system error. DGIF chose to transfer the funds to Marine Resources even though they knew the amount was incorrect with the intention to determine the cause and amount of the error and adjust for the difference in future transfers. Both agencies agreed that DGIF would hold future revenues until they equaled the overpayment; however, DGIF did not accurately track revenue collections against the overpayment to determine when to begin transferring funds to Marine Resources again. Therefore, as of the end of the audit period, DGIF had not transferred \$528,346 that they collected through the first six months of fiscal year 2013 after satisfying the overpayment.
- DGIF did not transfer Forestry revenues in the month following collection for 13 out of 18 months. At the end of the audit period, DGIF owed Forestry \$6,000 in license revenues that had been collected but not transferred.

DGIF uses data from several different systems to determine what they should transfer to agencies. DGIF uses an external POS system for sale transactions online and through license agents. The POS system automatically codes revenues to the applicable accounts. DGIF has an internal system for headquarter license sales: the Boat Registration and Titling System (BRTS). BRTS does

not automatically record license revenues in the correct account codes, but instead puts all revenues into a holding account. DGIF should manually redistribute those revenues monthly so that they are included in the amount transferred to the applicable agency. DGIF Accounting staff do not have an established procedure to ensure they redistribute these revenues timely and consistently.

In addition, DGIF is recording and transferring sales revenue rather than cash. With the Commonwealth Accounting and Reporting System (CARS) being on a cash basis, this is inappropriate. In a cash basis system, revenue should be recorded when the cash is received. However, license agents sell licenses to the public and then transfer the cash to DGIF monthly. Therefore, DGIF does not receive the cash to support the sale until possibly a month after the sale. DGIF must honor the sales of the license as soon as it occurs. DGIF has struggled with the matching of these two concepts. By recording revenues in CARS based on when the revenue is earned rather than when the cash is received, DGIF has caused the revenue in CARS to be unreliable.

Finally, when the transfers do take place, DGIF Accounting staff do not properly review amounts prior to transfer, resulting in overpayments. DGIF also does not reconcile revenues at the end of each month or in total at the end of the year to determine that total collections on behalf of other agencies agree to total transfers to those agencies. We consider the lack of policy and procedures, not recording revenues on a cash basis, and the inability to review and properly approve transactions a material weakness.

DGIF should enter into agreements with all of the agencies for which they collect revenues to determine how and when transfers will occur. DGIF should begin recording revenues in CARS based on the receipt of cash, not the earning of revenue. DGIF should track the sale of licenses for purposes of enforcing the license separate from the receipt of cash. DGIF should develop policies and procedures to reconcile revenues, properly review and approve transfers, and process transfers timely. DGIF needs to ensure the procedures provide for multiple trained staff that are competent to review and approve transfers.

#### Improve Performance of CARS to CFIRS Reconciliations

DGIF is not performing all reconciliations required by Section 20900 of the CAPP manual. DGIF is currently only reconciling expenses recorded in the Comprehensive Financial Information and Reporting System (CFIRS) system to CARS monthly. DGIF does not reconcile revenues, cash, or any other accounts that are first recorded in the CFIRS system to CARS. CARS is the official accounting system of the Commonwealth and as such, agencies must reconcile all internal agency financial systems to CARS monthly.

The CAPP manual mandates that agencies reconcile all general ledger accounts by agency, fund, and program. The Department of Accounts relies on these reconciliations to compile data for statewide reporting. Failure to reconcile, to CARS, all general ledger accounts recorded in agency internal systems can cause amounts used for statewide reporting to be incorrect. DGIF does not have policies and procedures for performing reconciliations. Because DGIF does not reconcile revenues, we were unable to determine whether DGIF properly recorded revenues collected in CARS and the internal financial system.

DGIF should develop reconciliation policies and procedures and perform reconciliations of all accounts as mandated by the CAPP manual. Due to the issues noted in the findings entitled “Improve Timeliness and Accuracy of Revenue Redistribution” and “Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies,” DGIF should make developing procedures and reconciling revenues its first priority.

#### Improve Database Security

DGIF does not secure one of its databases that supports an internet-facing application and that stores sensitive citizen information, such as social security numbers and drivers’ license numbers, in accordance with the Commonwealth’s Information Security Standard and industry best practices.

Our review noted six areas of weakness that we have communicated in detail to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia, due to their sensitivity and description of security controls. The absence of these controls weakens DGIF’s security posture and increases the risk that data is compromised, is changed, or becomes unavailable.

We recommend that DGIF implement the controls discussed in our recommendation in accordance with the current Commonwealth’s Information Security Standard and industry best practices, such as those published by the Center for Internet Security.

#### Improve Internal Controls over System Access

DGIF does not maintain documentation of the original approval of eVA and Voucher system access, which includes the type of access requested and proof of the employee’s understanding of the limits of their access. DGIF also does not perform periodic reviews of system access to ensure that access remains appropriate over time as employees come and go and change positions and responsibilities. The lack of a review process has directly caused untimely deletion of CARS access for two employees, the longest of which was twelve months after the employee’s departure.

DGIF could not provide original Acceptable Use forms for two of four new eVA users and Network Access forms for five of the nine Voucher system users. To obtain access to eVA and Voucher, DGIF’s policies and procedures require an Acceptable Use form and a Network Access form, respectively. DGS also mandates that eVA Acceptable Use forms be signed by employees prior to access being given. Both forms provide formal approval to the system and delineate the type of access requested and granted.

The Commonwealth’s Information Security Standard SEC 501 Section 5.2.2 requires that requests for access to internal and external agency information technology (IT) systems are documented and kept on file, that agencies remove access promptly when no longer required, that it be based on the employee’s need to fulfill their job responsibilities, and that all user accounts and privileges associated with these accounts be reviewed for the continued need to access agency IT systems.

DGIF should ensure that employees with system access sign the applicable forms prior to being given access and maintain documentation of the original access approval for all systems. DGIF is in the process of implementing periodic reviews of those with access to all systems; however, this was not in place during the audit period. DGIF should continue with the implementation of this process to ensure that system access is appropriate, reflects proper segregation of duty, and is based on employee's need for access to fulfill their job function.



## **AGENCY HIGHLIGHTS**

The Department of Game and Inland Fisheries (DGIF) manages Virginia's wildlife and inland fish to maintain optimum populations of all species; provides opportunity for all to enjoy wildlife, inland fish, boating, and other outdoor recreations; promotes safety for persons and property in connection with boating, hunting, and fishing; and provides educational outreach programs and materials to foster an awareness of and appreciation for Virginia's fish and wildlife resources, their habitats, and hunting, fishing, and boating opportunities. DGIF also enforces laws for the protection, propagation, and preservation of wildlife and fish; assists in enforcing all forestry and boating laws; and seeks to optimize game and fish populations.

In support of the agency's mission, DGIF employs about 496 full and part-time staff and owns approximately 203,000 acres of land purchased with revenue generated from the hunters, anglers, and boaters and federal assistance for management and use of wildlife resources and related outdoor recreation. DGIF owns and maintains 39 Wildlife Management Areas, 61 public fishing lakes and ponds, 60 dams, nine fish hatcheries, two regional office complexes (three more regional offices are under lease agreement), a central headquarters complex, and 77 public boating access sites (88 additional sites are leased and 50 more sites are under cooperative agreements with localities).

## **FINANCIAL HIGHLIGHTS**

Table 1 below represents DGIF's expenses by program for the audit period. The Wildlife and Freshwater Fisheries Management program makes up the majority (65 percent) of DGIF's actual expenses. In fiscal year 2012, DGIF spent \$3.9 million less than their appropriations for the Wildlife and Freshwater Fisheries Management program due to budgeting based on prior year expenses. Capital Outlay Projects budget includes funding for the relocation of DGIF's headquarters and new wildlife management area acquisitions. Capital projects, such as DGIF's new headquarters, can span multiple fiscal years. As such, agencies do not spend capital appropriations completely in one fiscal year, and the appropriation remains available until completion of the project(s). In fiscal year 2013, DGIF spent 86 percent of its Administrative and Support Services program budget in the first two quarters of the fiscal year. DGIF expended all of its available federal appropriation early in the fiscal year and, while waiting for the Department of Planning and Budget to approve additional federal appropriations, used this program's funds to cover federal expenses. Upon receiving additional federal appropriations, DGIF plans to transfer the applicable expenses to the federal fund, freeing up the Administrative and Support Services funds for use.

**Table 1**Analysis of Budgeted Funding and Actual Expenses – Fiscal Year 2012

Program	Original Budget	Final Budget	Actual Expenses
Wildlife and freshwater fisheries management	\$40,581,585	\$43,325,003	\$39,406,710
Boating and safety regulation	8,457,935	8,770,989	6,093,211
Administrative and support services	6,203,483	6,205,983	5,598,813
Capital outlay projects	<u>3,000,000</u>	<u>22,340,734</u>	<u>3,543,926</u>
Total	<u>\$58,243,003</u>	<u>\$80,642,709</u>	<u>\$54,642,660</u>

Source: Commonwealth Accounting and Reporting System;  
2012 Original Budget-Appropriation Act, Chapter 890

Analysis of Budgeted Funding and Actual Expenses – First Six Months of Fiscal Year 2013

Program	Original Budget	Final Budget	Actual Expenses
Wildlife and freshwater fisheries management	\$40,793,439	\$40,793,439	\$22,084,420
Boating and safety regulation	8,466,811	8,653,046	2,822,594
Administrative and support services	6,278,472	6,278,472	5,383,097
Capital outlay projects	<u>5,500,000</u>	<u>27,425,858</u>	<u>2,507,138</u>
Total	<u>\$61,038,722</u>	<u>\$83,150,815</u>	<u>\$32,797,249</u>

Source: Commonwealth Accounting and Reporting System;  
2013 Original Budget-Appropriation Act, Chapter 806

DGIF receives funding from several sources to pay for their programs, including the sale of hunting and fishing licenses, boat registrations, federal grants and contracts, watercraft sales and use taxes, and voluntary taxpayer contributions to non-game wildlife as designated from their state income tax refund. In addition, DGIF indirectly receives General Fund revenue collections from a portion of the sales and use taxes derived from the sales of hunting and fishing products, up to \$10.6 million annually. These sales and use taxes provided DGIF with \$10.6 million in fiscal year 2012 and \$5.3 million through the first six months of fiscal year 2013.

DGIF also indirectly receives General Fund revenue collections from sales and use taxes on new watercraft sales; the Appropriations Act limited DGIF's share of these taxes to \$3 million in fiscal year 2012 and fiscal year 2013. These sales and use taxes provided DGIF with \$3 million in fiscal year 2012 and another \$3 million through the first six months of fiscal year 2013. Quarterly, the Comptroller transfers the appropriate amount of collections from these taxes to the Game Protection Fund, which the Commonwealth classifies as a Dedicated Special Revenue fund. The

Game and Inland Fisheries Board (Board) manages the Game Protection Fund and uses it to pay salaries, allowances, wages, and expenses incidental to carrying out hunting, trapping, and inland fish laws.

The Board may also transfer up to fifty percent of the revenue generated annually from the sales and use tax to a Capital Improvement Fund to purchase, construct, maintain, or repair DGIF's capital assets. The Capital Improvement Fund may accumulate up to \$35 million, but if it accumulates more than \$35 million then the sales and use taxes remain in the General Fund until the Capital Improvement Fund is less than \$35 million. At the end of fiscal year 2013, the Capital Improvement Fund had a balance of \$555,199.

Table 2 below provides a breakdown of DGIF's revenue and transfers from the General Fund for fiscal year 2012 and the first six months of fiscal year 2013.

**Table 2**

Details of DGIF's Actual Revenue and General Fund Transfers  
Fiscal Year 2012

Source	2012
Hunting and fishing licenses	\$26,332,422
Net transfers to the Game Protection Fund from	
General Fund sources	13,635,320
Federal grants and contracts	17,180,294
Other, including insurance proceeds, timber sales, publication sales	2,143,065
Boat licenses and watercraft titling fees	<u>4,206,235</u>
Total net revenue	<u>\$63,497,336</u>

*Source: Commonwealth Accounting and Reporting System*

Details of DGIF's Actual Revenue and General Fund Transfers  
Through the first Six Months of Fiscal Year 2013

Source	2013
Hunting and fishing licenses	\$18,080,693
Net transfers to the Game Protection Fund from	
General Fund sources	13,635,320
Federal grants and contracts	10,264,822
Other, including insurance proceeds, timber sales, publication sales	894,123
Boat licenses and watercraft titling fees*	<u>(541,532)</u>
Total net revenue	<u>\$42,333,426</u>

*Source: Commonwealth Accounting and Reporting System*

*\* This amount is negative due to a transaction to correct prior years' errors.*

Table 3 below details DGIF's actual expenses by major object. In fiscal year 2012 and through the first six months of fiscal year 2013, payroll expenses accounted for the majority of DGIF's expenses at 57 percent and 54 percent, respectively. Contractual services, at about 19 percent in fiscal year 2012 and 15 percent through the first six months of fiscal year 2013, include expenses for information technology infrastructure, telecommunications, architectural and engineering services, and technical services.

DGIF's capital outlay expenses of \$3.5 million in fiscal year 2012 include \$2.4 million in site improvements to existing wildlife management areas. Capital outlay expenses of \$2.5 million during the first six months of fiscal year 2013 include \$1.4 million for the acquisition of the site of the new agency headquarters and \$500,000 in site improvements on existing wildlife management areas.

**Table 3**

Expenses by Major Object - Fiscal Year 2012

Major Object	2012 Expenses	2012 Percent
Personal services	\$31,558,840	57.75%
Property and improvements	2,702,177	4.95%
Contractual services	10,809,295	19.78%
Supplies and materials	5,267,687	9.64%
Equipment	2,313,543	4.23%
Continuous charges	1,762,065	3.23%
Plant and improvements	11,975	0.02%
Transfer payments	217,078	0.40%
Total expenses	<u>\$54,642,660</u>	100.00%
Less: capital outlay included above	<u>(3,543,926)</u>	
Total operating expenses	<u>\$51,098,734</u>	

*Source: Commonwealth Accounting and Reporting System*

Expenses by Major Object – First Six Months of Fiscal Year 2013

Major Object	2013 Expenses	2013 Percent
Personal services	\$17,809,610	54.30%
Property and improvements	4,806,282	14.66%
Contractual services	4,937,034	15.05%
Supplies and materials	2,422,856	7.39%
Equipment	1,181,359	3.60%
Continuous charges	1,319,170	4.02%
Transfer payments	<u>320,937</u>	<u>0.98%</u>
Total expenses	<u>\$32,797,248</u>	100.00%
Less: capital outlay included above	<u>(2,507,138)</u>	
Total operating expenses	<u>\$30,290,110</u>	

*Source: Commonwealth Accounting and Reporting System*

New DGIF Headquarters

In fiscal year 2009, the Board approved the relocation of the DGIF Headquarters from Richmond to Hanover County. DGIF expects to be in its new headquarters in fiscal year 2015. Up to \$10 million dollars in bonds from the Virginia Public Building Authority will fund the construction. DGIF will pay the debt service on the bonds from its Capital Improvement Fund.

Revenue Collection and Disbursement on Behalf of Other Agencies

DGIF collects saltwater fishing license revenue for the Virginia Marine Resources Commission (Marine Resources), state forest hunting license revenues for the Department of Forestry, and boat trailer registration fees for the Department of Motor Vehicles (Motor Vehicles). In addition, DGIF collects watercraft sales tax revenue for the Department of Taxation. DGIF should transfer all revenues collected on behalf of Marine Resources, Forestry, and Taxation to the applicable agencies in the month following collection. DGIF transfers revenues collected on behalf of Motor Vehicles daily. Table 4 below shows the amounts collected and transferred during the audit period as well as the percent each makes up of total revenues DGIF collects. The differences in collections and transfers are explained in the finding “Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies” included in the section “Audit Findings and Recommendations.”

**Table 4**

**Revenues Collected and Transferred July 2011 through December 2012**

Agency	Amount collected on behalf of agency	Amount transferred to agency	% of total revenue
VMRC	\$3,887,244	\$(3,417,842)	7.60%
Forestry	203,520	(197,520)	0.40%
Taxation	2,555,660	(4,083,426)	5.00%
DMV	113,622	(114,242)	0.22%

*Source: Commonwealth Accounting and Reporting System*



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

October 9, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon, III  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the Department of Game and Inland Fisheries for the year ended June 30, 2012, and the first six months of fiscal year 2013. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of DGIF's internal controls, test compliance with applicable laws, regulations, contracts, and grant agreements, and review corrective actions of audit findings from prior year reports.

## Audit Scope and Methodology

DGIF's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Payroll  
Expenses  
Revenues

Systems Access  
Information Systems Security

We performed audit tests to determine whether DGIF's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of DGIF's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that DGIF did properly state, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System, except in relation to revenues as noted in the findings entitled "Improve Timeliness and Accuracy of Revenue Redistribution" and "Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies." DGIF records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as described in the section entitled "Audit Findings and Recommendations," we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies in internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial information will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies entitled "Improve Timeliness and Accuracy of Revenue Redistribution" and "Improve Timeliness and Accuracy of Revenue Transfers to Other Agencies", which are described in the section titled "Audit Findings and Recommendations," to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies entitled "Improve Performance of CARS to CFIRS Reconciliations," "Improve Database Security," and "Improve Internal Controls over System Access," which are described in the section titled "Audit Findings and Recommendations," to be significant deficiencies. These significant deficiencies also represent instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



DGIF has not taken adequate corrective action with respect to the previously reported findings “Improve Timeliness and Accuracy of Revenue Recordation and Transfers to Taxation,” “Perform CARS Reconciliations Timely,” and “Improve Internal Controls over System Access.” Accordingly, we included these findings in the section entitled “Audit Findings and Recommendations.” DGIF has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

#### Exit Conference and Report Distribution

We discussed this report with management on October 16, 2013. Management’s response to the findings identified in our audit is included in the section titled “Agency Response.” We did not audit management’s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

DBC/clj



# COMMONWEALTH of VIRGINIA

**Douglas W. Domenech**  
*Secretary of Natural Resources*

**Department of Game and Inland Fisheries**

**Robert W. Duncan**  
*Executive Director*

October 22, 2013

Martha Mavredes  
Auditor of Public Accounts  
P. O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes:

Thank you for giving us the opportunity to review the findings made during the Auditor of Public Accounts' (APA) audit of our financial transactions for the eighteen month period (July 1, 2011 - December 31, 2012). We appreciate your staff's bringing to our attention items of noncompliance and areas for improvement. While we initiated correction of some deficiencies prior to completion of the audit, they were not completed during the review period. We will accelerate our work this coming year, and take appropriate corrective actions to bring the Agency back into compliance.

We agree with your Risk Alert that our staffing has not enabled us to continue the strong accountability we achieved in the past. We look forward to working with your staff and our internal auditor to promptly address these recommendations as part of our Corrective Action Work Plan.

On a personal note, I would like to comment on the level of professionalism your staff showed during the audit. We look forward to your follow-up visit to review our progress at improving our accounting practices.

Sincerely,

A handwritten signature in blue ink that reads "Bob Duncan".

Robert W. Duncan  
Executive Director

RWD/ag

C: Curtis Colgate, Chairman, DGIF Board of Game and Inland Fisheries  
Ben Davenport, Chairman, DGIF Board, Finance, Audit, and Compliance Committee  
DeAnn B. Compton, CPA, VCCO, Audit Director—Capital Asset Management, APA

## AGENCY OFFICIALS

Department of Game and Inland Fisheries

## BOARD MEMBERS

As of December 31, 2012

F. Scott Reed, Jr., Chairman

Curtis Dixon Colgate, Vice Chairman

Garry L. Gray	David L. Bernhardt
Hugh C. Palmer	Vaughn R. Groves
Lisa Caruso	J. Brent Clarke, III
Ben Davenport	Leon Turner
James W. Hazel	

## DIRECTOR

Robert W. Duncan